

BUSINESS MEETING  
STATE OF CALIFORNIA  
ENERGY RESOURCES CONSERVATION AND  
DEVELOPMENT COMMISSION

ENERGY COMMISSION  
1516 NINTH STREET  
HEARING ROOM A, FIRST FLOOR  
SACRAMENTO, CALIFORNIA

WEDNESDAY, MAY 29, 2002

10:00 A.M.

JAMES F. PETERS, CSR, RPR  
CERTIFIED SHORTHAND REPORTER  
LICENSE NUMBER 10063

CONTRACT NO: 150-01-006

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

APPEARANCES

COMMISSION MEMBERS

William Keese, Chairperson

Robert Pernell

Arthur Rosenfeld

Margret J. Kim, Ex Officio

STAFF

Steve Larson, Executive Director

Bill Chamberlain, Chief Counsel

Don Aumann

Bill Blackburn

Merry Bronson

Marth Brook

Fernando De Leon

Liz Flores

Donald Kazama

Madeline Meade

Mark Rawson

Irene Salazar

Elizabeth Shirakh

Val Tiangco

Joseph Wang

Peter Ward

Major Williams

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1 PROCEEDINGS

2 CHAIRPERSON KEESE: Call this meeting of the  
3 Energy Commission to order.

4 Commissioner Pernell, stand and lead us in the  
5 Pledge, please.

6 (Thereupon Commissioner Pernell led the Pledge  
7 to the Flag.)

8 CHAIRPERSON KEESE: We are short a Commission  
9 with three members today.

10 Consent Calendar, do I have a -- I will edit the  
11 Consent Calendar. Item D should read "SCS Engineers."

12 Do I have a motion on the Consent Calendar?

13 COMMISSIONER ROSENFELD: I move the consent.

14 CHAIRPERSON KEESE: Motion by Commissioner  
15 Rosenfeld.

16 COMMISSIONER PERNELL: Second.

17 CHAIRPERSON KEESE: Second by Commissioner  
18 Pernell.

19 All in favor?

20 (Ayes.)

21 CHAIRPERSON KEESE: Opposed?

22 Adopted three to nothing.

23 Item 2, Los Esteros Critical Energy Facility.

24 This item was settled by the Committee, and the  
25 applicant has withdrawn the request.

1           Item 3, Direct Access Suspension: Possible  
2 Commission approval for participation in the California  
3 Public Utilities Commission proceeding R-02-01-011, on  
4 "departing load".

5           STAFF ATTORNEY De LEON: Good morning,  
6 Commissioners. I'm Fernando De Leon, Staff Attorney at  
7 the Commission.

8           The staff seeks Commission approval to actively  
9 participate in the CPUC proceeding R-02-01-011.

10          This proceeding deals with the imposition of exit  
11 fees or surcharges on direct access customers and on  
12 departing load. That could affect distributed generation  
13 within California.

14          The Commission intends to file testimony, reply  
15 testimony, conduct cross-examination, and file other  
16 documents as it becomes necessary.

17          We are also asking the Commission to assign a  
18 committee to oversee staff activity during this  
19 proceeding.

20          COMMISSIONER PERNELL: Question, Mr. Chairman.

21          CHAIRPERSON KEESE: Commissioner Pernell.

22          COMMISSIONER PERNELL: Just so I could be clear,  
23 this is -- you're seeking permission to intervene in the  
24 CPUC's proceeding, not necessarily what the testimony will  
25 be?

1 STAFF ATTORNEY De LEON: That's correct.

2 COMMISSIONER PERNELL: Mr. Chairman, I would move  
3 the item.

4 COMMISSIONER ROSENFELD: And I second.

5 CHAIRPERSON KEESE: Okay. After conversations  
6 which have taken place, the recommendation is that the  
7 Committee that would handle this would be the Electricity  
8 Committee. Would you mind?

9 COMMISSIONER PERNELL: That's fine with me.

10 CHAIRPERSON KEESE: Are you putting that in your  
11 motion?

12 COMMISSIONER PERNELL: Oh.

13 CHAIRPERSON KEESE: They're requesting two  
14 things, permission to act and the Committee to lead.

15 COMMISSIONER PERNELL: Mr. Chairman --

16 CHAIRPERSON KEESE: All five offices will be  
17 involved.

18 COMMISSIONER PERNELL: I would amend my motion to  
19 have the Electricity Committee oversee the testimony.

20 COMMISSIONER ROSENFELD: And I second that.

21 CHAIRPERSON KEESE: Motion by Commissioner  
22 Pernell, seconded by Commissioner Rosenfeld.

23 All in favor?

24 (Ayes.)

25 CHAIRPERSON KEESE: Opposed?

1           Adopted three to nothing.

2           Thank you.

3           Item 4, Possible approval of the Commission's  
4 Real Tame Metering Program Report-to-the-Legislature  
5 mandated by AB X1-29.

6           COMMISSIONER PERNELL: Mr. Chairman.

7           CHAIRPERSON KEESE: Commissioner Pernell.

8           COMMISSIONER PERNELL: This is something that  
9 came to our Committee. And I want to thank Don and  
10 certainly Commissioner Rosenfeld.

11           This is a result of 29A signed by the Governor.  
12 It allocated \$35 million to the Commission to do real time  
13 meters. And the Commission implemented the Real Time  
14 Metering Program. And this was done with utilities. We  
15 have 23,300 meters out there, or at least we contracted  
16 for. But also in 29X it said that the Energy Commission  
17 will provide a report to the Legislature. And what's  
18 before you today is that report for your approval.

19           And we have Don here who can add to what I've  
20 said and answer any questions.

21           CHAIRPERSON KEESE: Thank you.

22           Mr. Kazama.

23           REAL TIME METERING PROGRAM MANAGER KAZAMA: Good  
24 morning, Mr. Chairman and Commissioners.

25           And thank you for the introduction, Commissioner



1 Pernell.

2 I'm Don Kazama, Manager of the Real Time Metering  
3 Program from the Energy Efficiency and Demand Analysis  
4 Division.

5 And AB 29X was one of the three urgency bills  
6 signed into law by Governor Davis to address California's  
7 energy crisis. And two of these bills, both technological  
8 and regulatory solutions were sought to ameliorate the  
9 situation.

10 And as Commissioner Pernell mentioned, this  
11 particular Bill 29X was signed into law last April. And  
12 it did allocate \$35 million in the State General Fund to  
13 the Energy Commission to provide real time electric meters  
14 and, more importantly, associate communication systems to  
15 customers having peak electric demands of 200 KW or  
16 greater. And customers in this size class would include  
17 things like medium-to-large office buildings, hospitals,  
18 large elementary schools, secondary schools, manufacturing  
19 concerns, and the like.

20 In response to the AB 29X in May of 2001 the  
21 Commission implemented its Real Time Metering Program.  
22 The program awarded contracts to the State's electric  
23 utilities beginning in June 2001 to install \$23,300 plus  
24 electronic interval meters and communication systems.

25 And customers review of receiving a meter under

1 this program are able to actually view their 24-hour  
2 electrical-use profile over the Internet. Or as an  
3 option, they can choose to view it in mere real time at  
4 their particular facility.

5           And the reason for installing these meters is  
6 basically to allow customers to respond quickly to  
7 situations where supply, demand, and balance of the  
8 electricities are imminent; and also these customers can  
9 use these meters to participate in various utility demand  
10 response programs.

11           And in the words of Commissioner Rosenfeld, these  
12 meters are expected to motivate customers to reduce peak  
13 electric demand by about 600 megawatts by the end of the  
14 summer of 2002.

15           CHAIRPERSON KEESE: Thank you. And obviously  
16 we're seeing the report here at the end of May.

17           How many of these meters are installed today?

18           REAL TIME METERING PROGRAM MANAGER KAZAMA: The  
19 last count we have, the monthly reports from the  
20 utilities, encompass the entire month of April 2002. So  
21 as of the beginning of May there are about 17,000 meters  
22 and associated communications systems already installed.

23           And we expect these installations to be  
24 substantially completed by the end of this June.

25           CHAIRPERSON KEESE: Our report reflects that.

1           REAL TIME METERING PROGRAM MANAGER KAZAMA: And  
2 the legislative report which is before you today does  
3 reflect that fact. And currently the Commission is  
4 conducting a series of site inspections on a one-percent  
5 random sample of these installations to verify that the  
6 meters and communications systems are a) installed and b)  
7 operating properly.

8           And preliminary results from the site  
9 investigation have shown that in all cases the meters were  
10 installed according to contract specifications and that  
11 customers are able to view their energy use profiles over  
12 the Internet as advertised.

13           CHAIRPERSON KEESE: Thank you. An impressive  
14 program.

15           Do I have a motion?

16           COMMISSIONER ROSENFELD: I move the adoption.

17           CHAIRPERSON KEESE: Motion by Commissioner  
18 Rosenfeld.

19           COMMISSIONER PERNELL: Second.

20           CHAIRPERSON KEESE: Seconded by Commissioner  
21 Pernell.

22           Any further comments?

23           All in favor?

24           (Ayes.)

25           CHAIRPERSON KEESE: Opposed?

1 Thank you.

2 REAL TIME METERING PROGRAM MANAGER KAZAMA: Thank  
3 you.

4 CHAIRPERSON KEESE: I reviewed the report. It's  
5 a very excellent report.

6 Item 5, Peak Electricity Demand Reduction Grant  
7 Program: Possible approval of an \$84,325 grant to the  
8 City of Chico for converting incandescent amber lights, et  
9 cetera.

10 Commissioner Pernell, under past policy of the  
11 Executive Orders this would have been reviewed by your  
12 Committee and handled directly. I believe your committee  
13 has reviewed it.

14 COMMISSIONER PERNELL: That's correct.

15 CHAIRPERSON KEESE: Do you have a recommendation  
16 for us?

17 COMMISSIONER PERNELL: Yes, I would move the  
18 item. This has been -- came through the Efficiency  
19 Committee and it was approved there. And, Mr. Chairman, I  
20 would move staff recommendation for the item.

21 COMMISSIONER ROSENFELD: I'll second that.

22 CHAIRPERSON KEESE: Motion and second.

23 All in favor.

24 (Ayes.)

25 CHAIRPERSON KEESE: Opposed?

1           Adopted.

2           Thank you.

3           In this age of security, I would like to know  
4 whether I'm broadcasting with this cell phone that's been  
5 placed in front of me or whether I'm supposed to answer  
6 it. And if I'm supposed to answer it, what name I'm  
7 supposed to use. Or if somebody just inadvertently left  
8 their cell phone on the desk up here.

9           (Laughter.)

10          CHAIRPERSON KEESE: Had I known it was you, I  
11 would have --

12          (Laughter.)

13          CHAIRPERSON KEESE: I thought we were getting  
14 somebody from the row up here.

15          Thank you.

16          Item 6, Energy Program Grants: Possible approval  
17 of grants for the City of Anaheim for \$150,000 and for the  
18 Oceanside Unified School District for \$75,000 to establish  
19 Compressed Natural Gas fueling facilities.

20          These projects have come before our committee and  
21 were approved.

22          But I have to ask a question at this point in  
23 time because we do have an Executive Order on contracts  
24 over \$100,000. I understand that this is a grant and,  
25 therefore, it does not fall in. I would like legal

1 counsel to so advise us.

2 LEGAL COUNSEL FLORES: This is Liz Flores from  
3 the Chief Counsel's office.

4 Since this is a grant, the Executive Order would  
5 not apply to any grants, only contracts.

6 CHAIRPERSON KEESE: Thank you.

7 With that, Mr. Ward.

8 MR. WARD: Yes, sir.

9 We're seeking approval for these two substitute  
10 grants. These are replacing two grants that were at last  
11 year's solicitation, and approved by DOE. These two  
12 grants were in the cube as not making the first cut, but  
13 by replacing the two that dropped out. And so we're  
14 seeking approval for those.

15 CHAIRPERSON KEESE: Thank you.

16 Is there a motion?

17 COMMISSIONER ROSENFELD: I move approval.

18 COMMISSIONER PERNELL: Second.

19 CHAIRPERSON KEESE: Motion and a second.

20 All in favor?

21 (Ayes.)

22 CHAIRPERSON KEESE: Motion approved.

23 Thank you.

24 Item 7, Energy Conservation Assistance Act

25 Account: Possible approval of a \$2 million loan to the

1 Children's Hospital of San Diego to install a 3.4 megawatt  
2 cogeneration system, meeting 98 percent of the hospital's  
3 need.

4 Good morning.

5 Let me ask again as we start this, counsel. This  
6 is a \$2 million loan and, as such, I understand that it  
7 does not fall within the Governor's order.

8 LEGAL COUNSEL FLORES: That's correct. The  
9 Executive Order would apply to contracts only, not loans.

10 CHAIRPERSON KEESE: Thank you. Okay.

11 NONRESIDENTIAL BUILDINGS OFFICE PROJECT MANAGER  
12 WANG: Good morning, Commissioners. My name's Joseph Wang  
13 and the Project Manager from the Nonresidential Buildings  
14 Office.

15 The Children's Hospital of San Diego is  
16 requesting a \$2 million loan to install a 3.4 megawatt  
17 cogeneration system in its new central plant.

18 This project would allow the hospital to generate  
19 about 98 percent of its own electricity needs. The waste  
20 heat from the turbine will be used to drive two new 660  
21 ton absorption chillers for cooling and supply domestic  
22 hot water to the hospital.

23 This project will make the new central plant more  
24 efficient and allow the hospital to meet the new emission  
25 rules. The plant will save the hospital over \$1 million

1 in energy bills per year and has a simple pay back of 7.1  
2 years.

3 Staff has reviewed this project and recommends  
4 the approval of this loan.

5 COMMISSIONER PERNELL: Mr. Chairman.

6 CHAIRPERSON KEESE: Thank you.

7 Commissioner Pernell.

8 COMMISSIONER PERNELL: Mr. Chairman, I would move  
9 staff recommendation.

10 COMMISSIONER ROSENFELD: And I would second.

11 CHAIRPERSON KEESE: Motion and a second.

12 Any further witnesses?

13 All in favor?

14 (Ayes.)

15 CHAIRPERSON KEESE: Opposed?

16 Adopted three to nothing.

17 Thank you.

18 Item 8, California Conservation Corps: Possible  
19 approval of Contract 400-01-036 for \$30 thousand to  
20 educate and train staff and Corps members in energy  
21 technology, electrical, safety, et cetera.

22 MS. CLARK: Good morning.

23 I'm Maura Clark, presenting for Elizabeth Shirakh  
24 on this. And today for your consideration I propose an  
25 inter-agency agreement for \$30,000 for the California



1 Conservation Corps to educate and train the staff members  
2 and the corps members in energy technology, electrical  
3 safety, and energy auditing.

4 COMMISSIONER PERNELL: So moved, Mr. Chairman.

5 COMMISSIONER ROSENFELD: Second.

6 CHAIRPERSON KEESE: Well, just a second. I have  
7 a question, however, for counsel.

8 This falls under the \$100,000 threshold. But are  
9 there subcontracting rules that apply to it?

10 LEGAL COUNSEL FLORES: We believe that this  
11 contract, since it's with a public entity, is not a  
12 sole-source contract, so it would not be subject to the  
13 Executive Order.

14 CHAIRPERSON KEESE: Thank you.

15 We have a motion and second.

16 Any further comment?

17 All in favor?

18 (Ayes.)

19 CHAIRPERSON KEESE: Opposed?

20 Adopted three to nothing.

21 MS. CLARK: Thank you.

22 CHAIRPERSON KEESE: Thank you.

23 Item 9, DOE-Lawrence Berkeley National  
24 Laboratory: Possible approval of Contract 500-01-034 for  
25 \$250,000 to develop, test, evaluate, and summarize

1 procedures for assessing vulnerability of buildings while  
2 minimizing energy impacts.

3 Counsel, government agency once more? Do you  
4 want to take a second while we --

5 LEGAL COUNSEL FLORES: Let me just check the  
6 resolution and see how we drafted it.

7 CHAIRPERSON KEESE: All right. Let me then  
8 just -- let's hear our presentation first, and then we'll  
9 come back to counsel.

10 CONTRACT MANAGER AUMANN: Good morning,  
11 Commissioners, CEC staff and members of the public.

12 I'm Don Aumann, a member of the PIER Buildings  
13 Team. Today we are presenting a \$250,000 contract  
14 proposal for the Lawrence Berkeley National Laboratory to  
15 develop and test procedures for assessing building --  
16 assessing vulnerability of buildings to chemical and  
17 biological attacks.

18 LBNL researchers will develop guidelines for  
19 building owners and managers to minimize risks from such  
20 attacks. After developing the draft guidelines, they will  
21 test them at several buildings.

22 CEC staff recommends approval of this contract,  
23 and the R&D Committee has reviewed this project and  
24 recommended its approval.

25 Are there any questions?

1 COMMISSIONER PERNELL: Mr. Chairman.

2 CHAIRPERSON KEESE: Commissioner Pernell.

3 COMMISSIONER PERNELL: Are we talking about  
4 commercial buildings -- what type of buildings are we --

5 CONTRACT MANAGER AUMANN: This will apply to  
6 commercial buildings, and the initial focus will be on  
7 high profile buildings, such as, like State office  
8 buildings or like utility power plant control centers. So  
9 those could be considered industrial in some sense. But  
10 they have commercial building HVAC systems in them.

11 COMMISSIONER PERNELL: Right. But it's not a  
12 square footage in terms of the buildings that qualify?

13 CONTRACT MANAGER AUMANN: That's correct.

14 COMMISSIONER PERNELL: Thank you, Mr. Chairman.

15 CHAIRPERSON KEESE: Thank you.

16 LEGAL COUNSEL FLORES: This is Liz Flores in the  
17 legal office.

18 Since this contract is with a public entity, it  
19 would not be sole-source and not subject to the Executive  
20 Order.

21 CHAIRPERSON KEESE: Thank you.

22 All in favor.

23 (Ayes.)

24 CONTRACT MANAGER AUMANN: Opposed?

25 Adopted three to nothing.

1           Item 10, The Regents of the University of  
2 California, Berkeley, Center for the Built Environment:  
3 Possible approval of Contract 500-01-035 for \$610,000 to  
4 develop energy performance models for Underfloor Air  
5 Distribution Systems.

6           Counsel, same category?

7           LEGAL COUNSEL FLORES: A public entity, not a  
8 soul source.

9           CHAIRPERSON KEESE: Thank you.

10          CONTRACT MANAGER BROOK: Good morning. I'm  
11 Martha Brook from the PIER Buildings Team.

12          We're seeking approval of this interagency  
13 agreement with the Center for the Built Environment to  
14 develop underfloor air distribution systems simulation  
15 software that could be used by designers to calculate  
16 energy performance and to compare this performance to that  
17 of conventional airconditioning systems.

18          Underfloor air distribution is a method of  
19 delivering space conditioning in commercial buildings that  
20 has begun to experience rapid growth in recent years.

21          Despite this growth, the technology is still in  
22 its infancy. Standardized methods for optimizing the  
23 performance of these systems do not exist. The  
24 availability of good design tools will help this  
25 technology achieve its full potential to provide building

1 energy systems that reduce energy use, increase air  
2 quality, and improve occupant comfort.

3 I'd be glad to answer any questions that you may  
4 have.

5 CHAIRPERSON KEESE: I enthusiastically support  
6 this project.

7 What is our timeframe? I could have read it, I  
8 suppose.

9 CONTRACT MANAGER BROOK: It's a multi-year  
10 contract. So the work will begin this summer and continue  
11 on through two to three years.

12 CHAIRPERSON KEESE: And when will we have a  
13 product that will be available to the --

14 CONTRACT MANAGER BROOK: In the third year of the  
15 contract.

16 CHAIRPERSON KEESE: Thank you.

17 Do I have a motion?

18 COMMISSIONER ROSENFELD: I move the contract.

19 CHAIRPERSON KEESE: Motion.

20 COMMISSIONER PERNELL: Second.

21 CHAIRPERSON KEESE: Second.

22 All in favor?

23 (Ayes.)

24 CHAIRPERSON KEESE: Opposed?

25 Adopted three to nothing.

1           Item 11, Reflective Energies: Possible approval  
2 of Contract 500-00-013 Amendment 1 for \$136,480 to develop  
3 an interconnection guide book and provide active  
4 participation in the IEEE P-1547 Interconnection Standards  
5 Workgroup.

6           Counsel, I am prepared to suggest that when we  
7 get a motion on this item, it would include language  
8 "contingent upon any necessary sole-source requirements  
9 pursuant to Executive Order D-02055" with that caveat, can  
10 you advise us on Item 11.

11           LEGAL COUNSEL FLORES: That's correct. We've  
12 drafted this language in the resolution so that when the  
13 rules that are adopted pursuant to this Executive Order  
14 come out from the Governor's office and from DGS, when we  
15 know what those rules are, when we know how this Executive  
16 Order will work and whether it applies, we will comply  
17 with those as applicable. So we've drafted this to be  
18 flexible so in the future when we know what those rules  
19 are, we will comply.

20           CHAIRPERSON KEESE: So we will be voting on this  
21 item. This item will be -- if it receives enough votes,  
22 will be adopted and active, but subject to this  
23 contingency.

24           LEGAL COUNSEL FLORES: Subject to the  
25 contingency. And the contingency reads "as necessary".

1 We don't know if the Executive Order or its rules that are  
2 adopted will be necessary. If they are, we will comply.

3 CHAIRPERSON KEESE: Thank you.

4 MR. MICHEL: Good morning, Commissioners.

5 I'm here to present this item for Mark Rawson.

6 I'm David Michel.

7 We see possible approval of an amendment for  
8 about \$136,000 to an existing PIER contract with  
9 Reflective Energies. The original contract amount is for  
10 about \$1.3 million.

11 We are proposing two new tasks that we identified  
12 in our PIER-wide distributed energy resource research  
13 assessment done last year.

14 The first proposed task is to develop a guidebook  
15 that would help developers and utility customers  
16 understand the requirements and processes associated with  
17 interconnection of DER in accordance with California's  
18 Rule 21.

19 The second proposed task would provide active  
20 contractor participation in the development of key  
21 sections of the National Interconnection Standard IEEE  
22 P-1547.

23 The contractor's participation in this new  
24 national standard will have direct implications on the  
25 testing section of California's Rule 21.

1           Staff recommends Commission approval of this  
2 amendment.

3           Can I answer any questions?

4           CHAIRPERSON KEESE: Any questions here.

5           Do I have a motion?

6           COMMISSIONER ROSENFELD: So moved.

7           CHAIRPERSON KEESE: Motion by Mr. Rosenfeld.

8           COMMISSIONER PERNELL: Mr. Chairman.

9           CHAIRPERSON KEESE: Commissioner Pernell.

10          COMMISSIONER PERNELL: A friendly amendment to  
11 include in the motion the -- to have the motion -- yeah,  
12 the language that counsel just read. So we need to go  
13 back and rephrase this --

14          CHAIRPERSON KEESE: We will adopt this subject to  
15 the language "contingent upon any necessary sole-source  
16 requirements pursuant to Executive Order D-02055".

17          Thank you.

18          COMMISSIONER PERNELL: That is the motion?

19          I'll second it.

20          CHAIRPERSON KEESE: Motion and second.

21          All in favor?

22          (Ayes.)

23          CHAIRPERSON KEESE: Opposed?

24          Three to nothing.

25          Thank you.



1           CHAIRPERSON KEESE:  Item 12, Distributed Utility  
2 Associates:  Possible approval of Contract 500-01-033 for  
3 \$2,049,850 to determine the impact of large penetrations  
4 of distributed energy resources into the distribution  
5 system.

6           And, Counsel, the same language will be attached  
7 to the motion when made on this item?

8           LEGAL COUNSEL FLORES:  That's correct.  This  
9 would be a sole-source contract subject to the Executive  
10 Order and the same contingency.

11          CHAIRPERSON KEESE:  Thank you.

12          Mr. Rawson.

13          CONTRACT MANAGER RAWSON:  Good morning.

14          As you're aware, the Commission has been taking a  
15 leading role in the development of interconnection rules  
16 in California for some time now in collaboration with the  
17 PUC.

18          One of the key uncertainties relating to  
19 interconnection is the impact that large penetrations of  
20 distributed generation will have on the reliability and  
21 power quality of the grid.

22          This proposed sole-source contract will evaluate  
23 in a laboratory setting the interactions of multiple  
24 distributed generators in close proximity to one another  
25 on the same distribution feeder.

1           It will analyze the interactions of these devices  
2 with the distribution feeder protection and control  
3 equipment as well as other loads on the feeder.

4           This proposed contract with Distributed Utility  
5 Associates is part of a larger \$5 to \$6 million DOE  
6 program.

7           DOE initiated this program last year with a half  
8 million dollar contract to Distributed Utility Associates  
9 to identify test requirements and protocols as well as  
10 potential test facilities to conduct this type of  
11 laboratory testing.

12          The contract that we're proposing today will fund  
13 the next phase of this activity to begin actual hardware  
14 testing. DOE is planning on funding the remainder of this  
15 overall program next year.

16          By us participating in this project, we're  
17 leveraging DOE's funding and expanding the body of  
18 knowledge that will be gained from this research and this  
19 research contract.

20          As the Commission moves forward with the  
21 interconnection rule development and proposed strategic  
22 plan for DG, we need to understand if DG can potentially  
23 benefit California's electrical system or cause unwanted  
24 problems. And, therefore, staff is recommending that the  
25 Commission approve this contract.

1 CHAIRPERSON KEESE: Thank you, Mr. Rawson.  
2 Do I have a motion?  
3 COMMISSIONER ROSENFELD: I so move.  
4 CHAIRPERSON KEESE: Motion from Mr. Rosenfeld.  
5 COMMISSIONER ROSENFELD: Subject to the Executive  
6 Order language.  
7 CHAIRPERSON KEESE: Thank you.  
8 Mr. Pernell.  
9 COMMISSIONER PERNELL: Second.  
10 CHAIRPERSON KEESE: Second by Commissioner  
11 Pernell.  
12 Further comment?  
13 All in favor?  
14 (Ayes.)  
15 Opposed?  
16 Adopted three to nothing.  
17 Thank you.  
18 CONTRACT MANAGER RAWSON: Thank you.  
19 CHAIRPERSON KEESE: Item 13, XENERGY  
20 Incorporated: Possible approval of Contract 500-01-036  
21 for \$2,686,300 to provide technical support to the  
22 Renewable Energy Program for existing, new and emerging  
23 renewable energy projects.  
24 CONTRACT MANGER MEADE: Good morning, Chairman  
25 Keese --

1 CHAIRPERSON KEESE: Let me ask, Counsel, this --  
2 again this is competitively bid?

3 LEGAL COUNSEL FLORES: The XENERGY contract was  
4 competitively bid, not soul source, so it's not subject to  
5 the Executive Order.

6 CHAIRPERSON KEESE: In any respect?

7 LEGAL COUNSEL FLORES: No.

8 CHAIRPERSON KEESE: Thank you.

9 CONTRACT MANAGER MEADE: Good morning, Chairman  
10 Keese, Commissioners.

11 We're pleased to bring to you this morning a  
12 contract for technical support for the Renewable Energy  
13 Program. This will be a 3-year contract for up to 6  
14 million -- I'm sorry -- \$2,686,000. And the work will be  
15 done under a work authorization basis, so that only as  
16 needed will work be done under work authorizations.

17 We have a good team in XENERGY Incorporated and  
18 their subcontractors. And we appreciate your possible  
19 approval of this contract.

20 COMMISSIONER PERNELL: Mr. Chairman.

21 CHAIRPERSON KEESE: Commissioner Pernell.

22 COMMISSIONER PERNELL: This came before the  
23 Renewables Committee, it passed out of the Renewables  
24 Committee. And I would move the item and urge an "aye"  
25 vote.

1 COMMISSIONER ROSENFELD: Second.

2 CHAIRPERSON KEESE: We have a motion and a  
3 second. Any further comment?

4 All in favor?

5 (Ayes.)

6 CHAIRPERSON KEESE: Opposed?

7 Adopted three to nothing.

8 Thank you.

9 Item 14, Arthur D. Little: Has been put over to  
10 the meeting on June 12th.

11 Item 15, AC Transit: Possible approval of  
12 Contract 600-01-096 for \$925,000 to provide a portion of  
13 the funding to develop a hydrogen fueling station for its  
14 fuel cell bus program.

15 Good morning.

16 CONTRACT MANAGER BLACKBURN: Good morning, Mr.  
17 Chairman and Commissioners. I'm Bill Blackburn with the  
18 Transportation Technology Office.

19 AC Transit, based in Oakland, California, is  
20 preparing to launch a project to demonstrate hydrogen fuel  
21 cell buses and fueling infrastructure. The goal is to  
22 introduce zero-emission buses along with the required  
23 fueling system into a large urbanized public transit  
24 operation.

25 AC Transit is in the process of finalizing orders

1 for three fuel cell buses, which will allow AC Transit to  
2 meet the requirements under the Air Resources Board's  
3 zero-emission bus regulations.

4 This project will provide an important portion of  
5 the funds required to build the hydrogen fueling station  
6 for the buses. Funds for this project from the Petroleum  
7 Violation Escrow Account, or PVEA, will specifically be  
8 used to purchase equipment for the fueling station and AC  
9 Transit will own and operate the equipment.

10 The amount of this contract is \$925,000. It will  
11 begin next month, June 2002, and end in March 31st, 2004.

12 Based on the Energy Commission and AC -- both the  
13 Energy Commission and AC Transit are active members of the  
14 California Fuel Cell Partnership, a public/private  
15 organization aimed at commercializing fuel cell vehicles.

16 We have enjoyed an excellent relationship with AC  
17 Transit and are excited about initiating this project.  
18 And I ask for your approval on this item.

19 CHAIRPERSON KEESE: Thank you.

20 And it did come before Committee and was  
21 approved.

22 Do I have a motion on this?

23 COMMISSIONER PERNELL: I have a question, Mr.  
24 Chairman.

25 CHAIRPERSON KEESE: Commissioner Pernell.

1 COMMISSIONER PERNELL: Scratch that. No  
2 questions.  
3 CHAIRPERSON KEESE: All right. Is that a motion?  
4 COMMISSIONER PERNELL: It could be.  
5 CHAIRPERSON KEESE: Motion by Commissioner  
6 Pernell.  
7 COMMISSIONER ROSENFELD: Second.  
8 CHAIRPERSON KEESE: Second, Commissioner  
9 Rosenfeld.  
10 Any further questions?  
11 All in favor?  
12 (Ayes.)  
13 Opposed?  
14 Adopted three to nothing.  
15 Thank you.  
16 CONTRACT MANAGER BLACKBURN: Thank you.  
17 CHAIRPERSON KEESE: Item 16 and 17. We have --  
18 I'm going to introduce Item 17 for a moment -- or 16 --  
19 Item 16 is Hetch Hetchy Water and Power, Contract  
20 500-01-042. And we are going to put this item over.  
21 Council, we will need to work with you some more.  
22 There are questions about this, which was a previously  
23 competitive bid contract for which a new prime has been  
24 substituted, which is a governmental entity, and which  
25 contains subcontracts. So we're not comfortable up here

1 in voting on this item today.

2 We do understand that there is a time urgency on  
3 this item. We will attempt to deal with that time urgency  
4 as best we can, but we're not prepared to vote for this  
5 today.

6 Is that acceptable?

7 COMMISSIONER PERNELL: Yes, Mr. Chairman, for me  
8 it is.

9 CHAIRPERSON KEESE: Fine.

10 COMMISSIONER ROSENFELD: So we're holding over  
11 till June 12th?

12 CHAIRPERSON KEESE: We're holding it over --  
13 we'll try to work with the parties. We understand that  
14 Hetch Hetchy was planning to take this up on June 11th,  
15 which causes -- and our next meeting is on June 12th. So  
16 we're going to have to see what we can do about this.  
17 This contract should be executed by the end of June --  
18 should be handled by the end of June one way or another.

19 COMMISSIONER PERNELL: Mr. Chairman, I would be  
20 available for a special board meeting to address this item  
21 once the questions about the contract and some of the  
22 uncertainties that I have get answered. So I'm saying  
23 that to say I think that we can still make the deadline  
24 simply by noticing a special meeting.

25 CHAIRPERSON KEESE: Okay. Mr. Chamberlain, do we



1 need to notice ten days or can we just continue this item  
2 and leave ourselves flexible to meet within the next ten  
3 days?

4 CHIEF COUNSEL CHAMBERLAIN: You could continue  
5 the item to a time certain, and we would post on the door  
6 of the room when that time certain was for this particular  
7 item.

8 CHAIRPERSON KEESE: Thank you.

9 Let's hold this item for a moment then and we'll  
10 consider whether we can do such.

11 Mr. Smith, would you start thinking about times.

12 Item 17 is somewhat in the same category as the  
13 previous ones. We are going to hold items D, E, F and G  
14 for discussions with counsel on implications of the  
15 Governor's Executive Order. So at this time I will read,  
16 Advanced Technology and Efficient Gasoline Fuel Vehicle  
17 Incentive Programs, Items A, B and C.

18 And, Counsel, there's no problem with any of  
19 those, are there?

20 LEGAL COUNSEL FLORES: 17 A, B and C are with  
21 public entities, so their sole source is not subject to  
22 Executive Order.

23 CHAIRPERSON KEESE: And this is in receipt of --  
24 we're accepting money from outside.

25 Thank you.

1           Would you present on Items A, B and C please.

2           CONTRACT MANAGER SALAZAR: Good morning, Mr.

3 Chairman and Commissioners. I am Irene Salazar from the  
4 Transportation Technology Office.

5           The Advanced Technology and Efficient Vehicle  
6 Incentive program provides incentives to individuals and  
7 fleets at a first-come, first-served basis and at time of  
8 purchase or lease.

9           This request is to accept 1.5 million from the  
10 South Coast Air Quality Management District to match -- to  
11 provide match incentive funds to purchasers of hybrid and  
12 alternative fuel vehicles.

13           We are accepting -- we are requesting to  
14 accept -- this would be a reimbursable contract. South  
15 Coast is anxious to send us their 1.5 million and put into  
16 the program as quickly as possible.

17           CHAIRPERSON KEESE: Thank you.

18           Do I have a motion?

19           COMMISSIONER ROSENFELD: So moved.

20           CHAIRPERSON KEESE: Motion, Commissioner  
21 Rosenfeld.

22           COMMISSIONER PERNELL: Second.

23           Second, Commissioner Pernell.

24           CHAIRPERSON KEESE: All in favor?

25           (Ayes.)

1 CHAIRPERSON KEESE: Opposed.

2 Adopted three to nothing.

3 We have before us the minutes of 5/8/02, which  
4 brings us current for this year; and also the minutes for  
5 5/30/01, 12/5/01 and 12/19/01, which gets us on our way to  
6 finalizing our minutes of last year, which I understand  
7 will take place in reasonably short order.

8 COMMISSIONER PERNELL: Mr. Chairman, how do you  
9 want to handle this? Do we do the previous meeting --

10 CHAIRPERSON KEESE: I'd like to -- we can do it  
11 all as one.

12 COMMISSIONER PERNELL: So moved.

13 CHAIRPERSON KEESE: Commissioner Pernell moves.

14 COMMISSIONER ROSENFELD: Second.

15 CHAIRPERSON KEESE: Commissioner Rosenfeld  
16 seconds that we adopt the minutes of those four meetings.

17 All in favor?

18 (Ayes.)

19 CHAIRPERSON KEESE: Opposed?

20 Adopted three to nothing.

21 Do we have anything under Committee and  
22 Oversight?

23 COMMISSIONER ROSENFELD: Mr. Chairman, just a  
24 request maybe. On the minutes, when we have more than one  
25 set, that they be listed on our documents. And I know you

1 have those there, but that's in pencil, so --

2 CHAIRPERSON KEESE: Yes, we will.

3 COMMISSIONER PERNELL: The minutes that we are  
4 actually approving, the dates of those minutes should be  
5 listed in our communication.

6 Thank you.

7 MR. ASHUCKIAN: Excuse me. But actually there  
8 are three items on Item 17. Actually we only presented  
9 the first one.

10 THE REPORTER: Identify.

11 MR. ASHUCKIAN: David Ashuckian with the  
12 Transportation Technology Office.

13 The second two are Ventura and Santa Barbara  
14 Counties. And although we put them together, we actually  
15 didn't present them to you.

16 COMMISSIONER PERNELL: Mr. Chairman, on Item  
17 17 --

18 CHAIRPERSON KEESE: Did you understand you were  
19 moving the whole --

20 COMMISSIONER PERNELL: I thought I did. But I  
21 can make another motion on this.

22 CHAIRPERSON KEESE: All right. Let's clear the  
23 record and make sure.

24 So on the assumption that we voted on Item A,  
25 would you like to make a motion on B and C?

1 COMMISSIONER PERNELL: Mr. Chairman, I would move  
2 approval of Item 17 B and C.

3 COMMISSIONER ROSENFELD: Second.

4 CHAIRPERSON KEESE: Motion and second.

5 All in favor?

6 (Ayes.)

7 CHAIRPERSON KEESE: Opposed?

8 Adopted three to nothing.

9 CONTRACT MANAGER SALAZAR: Thank you.

10 COMMISSIONER PERNELL: Thank you for the  
11 clarification, so we can keep our record clean.

12 CHAIRPERSON KEESE: Let me just announce what our  
13 plans are. We still have -- we're still discussing one  
14 item before we're done. We're going to go into executive  
15 session -- a brief executive session and after we get done  
16 here, we are then going to convene in the second -- on the  
17 second floor conference room.

18 Mr. Larson, would you like to tell us what  
19 that --

20 EXECUTIVE DIRECTOR LARSON: That's a meeting of  
21 the Budget and Management --

22 CHAIRPERSON KEESE: No, we're going to meet first  
23 on --

24 EXECUTIVE DIRECTOR LARSON: -- on looking at the  
25 progress that's being made in redesigning the market

1 system for the State.

2 CHAIRPERSON KEESE: So that will be an open  
3 meeting on the second floor conference room approximately  
4 11:30, which will be followed by a meeting of the Budget  
5 Committee.

6 EXECUTIVE DIRECTOR LARSON: Right.

7 CHAIRPERSON KEESE: Okay. That's for the record.  
8 So we will -- at the end of this meeting we will go to  
9 executive session and then we will go into our other  
10 meeting, after which we will adjourn, but no business will  
11 be taken up at that meeting.

12 That said, do we have anything on Commission  
13 Committee and oversight?

14 Chief Counsel's report.

15 CHIEF COUNSEL CHAMBERLAIN: Yes, Mr. Chairman.

16 As I believe you're all aware, I was recently  
17 selected to be a member of the Board of Directors of the  
18 Western Electricity Coordinating Council. And the council  
19 has three operating committees, a Planning Committee, an  
20 Operations Committee, and a Market Interface Committee.  
21 They are now asking members, which the Commission is a  
22 member of the Council, to designate people to participate  
23 in those committees. And I'm hoping to work with Terry  
24 and Steve Larson to designate three people from the staff  
25 to participate in those matters.

1 CHAIRPERSON KEESE: Thank you.  
2 I was pleased with your election and I'm pleased  
3 to get to participate on those committee activities.  
4 Executive Director's report. Mr. Larson.  
5 EXECUTIVE DIRECTOR LARSON: Yes, sir.  
6 CHAIRPERSON KEESE: So the date certain would be  
7 Monday for the Hetch Hetchy?  
8 EXECUTIVE DIRECTOR LARSON: You mean as in next  
9 Monday?  
10 CHAIRPERSON KEESE: As in next Monday.  
11 Robert will call in.  
12 EXECUTIVE DIRECTOR LARSON: Okay.  
13 CHAIRPERSON KEESE: Do we -- we need the specific  
14 time also?  
15 CHIEF COUNSEL CHAMBERLAIN: Yes.  
16 EXECUTIVE DIRECTOR LARSON: 10:00 o'clock?  
17 COMMISSIONER PERNELL: Yes.  
18 CHAIRPERSON KEESE: Let's make it 10:00.  
19 Is that okay?  
20 COMMISSIONER ROSENFELD: I have a 10:30. Is he  
21 going to take a long time?  
22 CHAIRPERSON KEESE: No. 10:00 o'clock.  
23 Time certain is 10:00 o'clock Monday, here.  
24 SECRETARY McCANN: Monday, June third, is that  
25 right?

1 CHAIRPERSON KEESE: Monday, June third, here.

2 EXECUTIVE DIRECTOR LARSON: Okay.

3 CHAIRPERSON KEESE: It does not work easily, but  
4 we'll --

5 COMMISSIONER ROSENFELD: I'll lend you my cell  
6 phone.

7 CHAIRPERSON KEESE: We'll be here. You'll have  
8 to reshuffle some meetings, I think.

9 Okay. That works. So we will do it 10:00  
10 o'clock on Monday.

11 That is the Item 16.

12 COMMISSIONER PERNELL: Do we have an Executive  
13 Director report?

14 CHAIRPERSON KEESE: Yeah, we'll get -- the Hetch  
15 Hetchy -- Item 16, the Hetch Hetchy Water and Power  
16 Project, is put over to a special meeting of the -- what  
17 did we call it, Mr. -- is just put over until Monday, June  
18 3rd at 10:00 a.m. in this room?

19 EXECUTIVE DIRECTOR LARSON: Subject being the  
20 Hetch Hetchy Water and Power Contract?

21 CHAIRPERSON KEESE: Right. Is that a special  
22 meeting or do we just -- a continuation of this meeting?

23 CHIEF COUNSEL CHAMBERLAIN: I'm sorry?

24 CHAIRPERSON KEESE: Well, what I'm announcing is  
25 that Item 16 will be taken up next Monday at 10:00 a.m.



1 here in this room. Is that a special meeting or is that a  
2 continuation of this meeting, or how do I characterize it?

3 CHIEF COUNSEL CHAMBERLAIN: That would be a  
4 continuation of this meeting.

5 CHAIRPERSON KEESE: Continuation of this meeting.  
6 Back to the Executive Director's report.

7 EXECUTIVE DIRECTOR LARSON: I have none at this  
8 time.

9 CHAIRPERSON KEESE: Public Advisor's report.  
10 Public Advisor advised me she had to leave at  
11 10:30, and she has left.

12 Do we have any public comment?

13 All right.

14 Subject to going into Executive Section, subject  
15 to meeting on the second floor conference room at  
16 approximately 11:30 for a staff presentation on the  
17 market, the current market developments, this meeting  
18 is adjourned.

19 SECRETARY McCANN: Mr. Chairman, what did we  
20 decide on 17 D, E, F and G? Are we moving them to the  
21 12th or are they just off the table?

22 CHAIRPERSON KEESE: I believe those are moved  
23 over to June 12th.

24 SECRETARY McCANN: Okay.

25 CHAIRPERSON KEESE: Thank you.

1 (Thereupon the California Energy Commission  
2 adjourned at 10:55 a.m.)  
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## 1 CERTIFICATE OF REPORTER

2 I, JAMES F. PETERS, a Certified Shorthand  
3 Reporter of the State of California, and Registered  
4 Professional Reporter, do hereby certify:

5 That I am a disinterested person herein; that the  
6 foregoing California Energy Commission meeting was  
7 reported in shorthand by me, James F. Peters, a Certified  
8 Shorthand Reporter of the State of California, and  
9 thereafter transcribed into typewriting.

10 I further certify that I am not of counsel or  
11 attorney for any of the parties to said meeting nor in any  
12 way interested in the outcome of said meeting.

13 IN WITNESS WHEREOF, I have hereunto set my hand  
14 this 10th day of June, 2002.

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